



January 30, 2004

HOUSE BILL No. 1009

DIGEST OF HB 1009 (Updated January 26, 2004 9:58 pm - DI 92)

Citations Affected: IC 6-1.1; IC 20-5; IC 21-2; noncode.

Synopsis: School tax levies. Authorizes a school corporation to: (1) file an appeal to impose an additional levy to make up a shortfall in property tax collections in a fund other than the school general fund; and (2) increase the school corporation's transportation fund levy by the amount by which the state has reduced its transportation distributions to the school corporation. Provides that the increase in the transportation fund levy and the shortfall levy are not eligible for property tax replacement credits or homestead credits. Extends the sunset date for issuance of school corporation bonds for retirement or severance liability from December 31, 2004, to December 31, 2006. Provides that a school corporation may not issue such bonds after December 31, 2004, unless the school corporation submits to the department of local government finance before January 1, 2005, a proposal concerning the issuance of the bonds to implement solutions for the school corporation's retirement or severance liability.

Effective: Upon passage; July 1, 2004; July 1, 2006.

Cheney, Goodin, Thompson, Ayres

January 15, 2004, read first time and referred to Committee on Ways and Means.
January 29, 2004, amended, reported — Do Pass.

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HB 1009—LS 7372/DI 51+



January 30, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

HOUSE BILL No. 1009

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-19-13 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 13. (a) This section applies to a levy for a**
4 **fund other than a school corporation's general fund.**

5 **(b) A school corporation may appeal to the department of local**
6 **government finance under this chapter for the purpose of making**
7 **up a shortfall that has resulted:**

8 **(1) whenever:**

9 **(A) erroneous assessed valuation figures were provided to**
10 **the school corporation;**

11 **(B) erroneous figures were used to determine the school**
12 **corporation's total property tax rate; and**

13 **(C) the school corporation's levy for the fund was reduced**
14 **under IC 6-1.1-17-16(d);**

15 **(2) because of the payment of refunds that resulted from**
16 **appeals under this article and IC 6-1.5; or**

17 **(3) because of a delinquent taxpayer.**

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(c) With respect to each appeal petition:

(1) that is delivered to the tax control board by the department of local government finance under section 4.1 of this chapter;

(2) that includes a request under this section to make up a shortfall; and

(3) for which the tax control board finds that the sum of:

(A) the balance in the school corporation's levy excess fund that is available to replace the lost revenue to a fund due to a shortfall; and

(B) the property taxes collected for the school corporation; is less than ninety-nine percent (99%) of the school corporation's property tax levy for the fund in that year, as finally approved by the department of local government finance;

the tax control board may recommend to the department of local government finance that the school corporation take the action described in subsection (d) and shall recommend to the department of local government finance that the school corporation take the action described in subsection (e).

(d) The tax control board may recommend that the school corporation be given financial relief from the state, on terms to be specified by the tax control board in the board's recommendation, in the form of:

(1) a grant or grants from any funds of the state that are available for such a purpose;

(2) a loan or loans from any funds of the state that are available for such a purpose;

(3) permission to the appellant school corporation to borrow funds from a source other than the state or to receive assistance in obtaining the loan;

(4) an advance or advances of funds that will become payable to the appellant school corporation under any law providing for the payment of state funds to school corporations.

(e) The tax control board shall recommend that the school corporation be permitted to collect an additional levy for the affected fund for a specified calendar year in the amount of the difference between:

(1) the school corporation's property tax levy for a particular year, as finally approved by the department; and

(2) the school corporation's actual property tax collections, plus any balance in the school corporation's levy excess fund

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that is available to replace the lost revenue in the fund.

(f) Each recommendation made by the tax control board under this section shall specify the amount of the additional levy. The department of local government finance shall authorize the school corporation to make the additional levy in accordance with the recommendation without any other proceeding. Whenever the department of local government finance authorizes an additional levy under this subsection, the department shall take appropriate steps to ensure that the proceeds of the excessive tax levy are first used to repay any loan or advance authorized under subsection (d).

(g) The:

(1) ad valorem property tax rate limits; and

(2) ad valorem property tax levy limits;

imposed by any other law on a fund do not apply to an additional ad valorem property tax levy authorized under this section.

(h) For purposes of computing the ad valorem property tax levy limit imposed on a fund under any other law, the school corporation's ad valorem property tax levy for a particular year does not include that part of the levy for the fund that is attributable to an additional ad valorem property tax levy authorized under this section.

SECTION 2. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2004, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which, under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

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(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a

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1 cumulative building fund whose property tax rate was not
 2 initially established or reestablished for a stated assessment
 3 year that succeeds the 1983 stated assessment year; minus
 4 (ii) the total property taxes imposed in the county for the
 5 1984 stated assessment year under the authority of IC 21-2-6
 6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 7 cumulative building fund whose property tax rate was not
 8 initially established or reestablished for a stated assessment
 9 year that succeeds the 1983 stated assessment year; minus
 10 (G) the amount of property taxes imposed in the county for the
 11 stated assessment year under:

- 12 (i) IC 21-2-15 for a capital projects fund; plus
- 13 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
- 14 (iii) IC 20-14-13 for a library capital projects fund; plus
- 15 (iv) IC 20-5-17.5-3 for an art association fund; plus
- 16 (v) IC 21-2-17 for a special education preschool fund; plus
- 17 (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
- 18 (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in
- 19 a school corporation's maximum permissible general fund
- 20 levy for certain transfer tuition costs; ~~plus~~
- 21 (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase
- 22 in a school corporation's maximum permissible general fund
- 23 levy for transportation operating costs; **plus**
- 24 **(ix) an appeal filed under IC 6-1.1-19-13 for the purpose**
- 25 **of making up a shortfall; plus**
- 26 **(x) IC 21-2-11.5-3(b)(2) for a school transportation fund,**
- 27 **including any increase in that amount in a subsequent**
- 28 **year attributable to the annual application of the**
- 29 **assessed value growth determined under**
- 30 **IC 21-2-11.5-3(c) to the amount; minus**

31 (H) the amount of property taxes imposed by a school
 32 corporation that is attributable to the passage, after 1983, of a
 33 referendum for an excessive tax levy under IC 6-1.1-19,
 34 including any increases in these property taxes that are
 35 attributable to the adjustment set forth in IC 6-1.1-19-1.5 or
 36 any other law; minus

37 (I) for each township in the county, the lesser of:

- 38 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
- 39 STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,
- 40 whichever is applicable, plus the part, if any, of the
- 41 township's ad valorem property tax levy for calendar year
- 42 1989 that represents increases in that levy that resulted from

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- 1 an appeal described in IC 6-1.1-18.5-13(4) filed after
 2 December 31, 1982; or
 3 (ii) the amount of property taxes imposed in the township for
 4 the stated assessment year under the authority of
 5 IC 36-8-13-4; minus
 6 (J) for each participating unit in a fire protection territory
 7 established under IC 36-8-19-1, the amount of property taxes
 8 levied by each participating unit under IC 36-8-19-8 and
 9 IC 36-8-19-8.5 less the maximum levy limit for each of the
 10 participating units that would have otherwise been available
 11 for fire protection services under IC 6-1.1-18.5-3 and
 12 IC 6-1.1-18.5-19 for that same year; minus
 13 (K) for each county, the sum of:
 14 (i) the amount of property taxes imposed in the county for
 15 the repayment of loans under IC 12-19-5-6 (repealed) that is
 16 included in the amount determined under IC 12-19-7-4(a)
 17 STEP SEVEN for property taxes payable in 1995, or for
 18 property taxes payable in each year after 1995, the amount
 19 determined under IC 12-19-7-4(b); and
 20 (ii) the amount of property taxes imposed in the county
 21 attributable to appeals granted under IC 6-1.1-18.6-3 that is
 22 included in the amount determined under IC 12-19-7-4(a)
 23 STEP SEVEN for property taxes payable in 1995, or the
 24 amount determined under IC 12-19-7-4(b) for property taxes
 25 payable in each year after 1995; plus
 26 (2) all taxes to be paid in the county in respect to mobile home
 27 assessments currently assessed for the year in which the taxes
 28 stated in the abstract are to be paid; plus
 29 (3) the amounts, if any, of county adjusted gross income taxes that
 30 were applied by the taxing units in the county as property tax
 31 replacement credits to reduce the individual levies of the taxing
 32 units for the assessment year, as provided in IC 6-3.5-1.1; plus
 33 (4) the amounts, if any, by which the maximum permissible ad
 34 valorem property tax levies of the taxing units of the county were
 35 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
 36 assessment year; plus
 37 (5) the difference between:
 38 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
 39 minus
 40 (B) the amount the civil taxing units' levies were increased
 41 because of the reduction in the civil taxing units' base year
 42 certified shares under IC 6-1.1-18.5-3(e).

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(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

(1) held for sale in the ordinary course of a trade or business; or
(2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property

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1 tax levy of a school corporation in a county for the school corporation's
2 general fund.

3 SECTION 3. IC 20-5-4-1.7, AS AMENDED BY P.L.10-2003,
4 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2004]: Sec. 1.7. (a) For purposes of this section, "retirement
6 or severance liability" means the payments anticipated to be required
7 to be made to employees of a school corporation upon or after the
8 termination of their employment by the school corporation under an
9 existing or previous employment agreement.

10 (b) In addition to the purposes set forth in section 1 of this chapter,
11 a school corporation may issue bonds to implement solutions to
12 contractual retirement or severance liability. The issuance of bonds for
13 this purpose is subject to the following limitations:

14 (1) A school corporation may issue bonds for the purpose
15 described in this section only one (1) time.

16 (2) The solution to which the bonds are contributing must be
17 reasonably expected to reduce the school corporation's existing
18 unfunded contractual liability for retirement or severance
19 payments, as of June 30, 2001.

20 (3) The amount of the bonds that may be issued for the purpose
21 described in this section may not exceed two percent (2%) of the
22 true tax value of property in the school corporation.

23 (4) Each year that a debt service levy is needed under this section,
24 the school corporation shall reduce its total property tax levy for
25 the school corporation's transportation, school bus replacement,
26 capital projects, or art association and historical society funds in
27 an amount equal to the property tax levy needed for the debt
28 service under this section. The property tax rate for each of these
29 funds shall be reduced each year until the bonds are retired.

30 (5) A school corporation that issues bonds under this section shall
31 establish a separate debt service fund for repayment of the bonds.

32 (c) Bonds issued for the purpose described in this section shall be
33 issued in the same manner as other bonds of the school corporation.

34 (d) Bonds issued under this section ~~must be~~ **are valid if either of**
35 **the following apply:**

36 (1) **The bonds are** issued before December 31, 2004.

37 (2) **The school corporation submits to the department of local**
38 **government finance before January 1, 2005, a proposal**
39 **concerning the issuance of bonds under this section to**
40 **implement solutions for the school corporation's retirement**
41 **or severance liability, and the school corporation issues the**
42 **bonds before January 1, 2006.**

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(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20.

(f) Bonds issued under this section are not subject to the limitations contained in IC 36-1-15.

SECTION 4. IC 21-2-11-4, AS AMENDED BY P.L.224-2003, SECTION 145, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Any lawful school expenses payable from any other fund of the school corporation, including without limitation debt service and capital outlay, but excluding costs attributable to transportation (as defined in IC 21-2-11.5-2), may be budgeted in and paid from the general fund. However, after June 30, 2003, and before July 1, 2005, a school corporation may budget for and pay costs attributable to transportation (as defined in IC 21-2-11.5-2) from the general fund.

(b) In addition, remuneration for athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3) may be budgeted in and paid from the school corporation's general fund.

(c) During the period beginning July 1, 2003, and ending June 30, 2005, school corporation may transfer money in a fund maintained by the school corporation (other than the special education preschool fund (IC 21-2-17-1) or the school bus replacement fund (IC 21-2-11.5-2)) that is obtained from:

(1) a source other than a state distribution or local property taxation; or

(2) a state distribution or a property tax levy that is required to be deposited in the fund;

to any other fund. A transfer under subdivision (2) may not be the sole basis for reducing the property tax levy for the fund from which the money is transferred or the fund to which money is transferred. Money transferred under this subsection may be used only to pay costs, including debt service, attributable to reductions in funding for transportation distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5. The property tax levy for a fund from which money was transferred may not be increased to replace the money transferred to another fund.

(d) The total amount transferred under subsection (c) may not exceed the following:

(1) For the period beginning July 1, 2003, and ending June 30, 2004, the total amount of state funding received for transportation

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distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5 for the same period.

(2) For the period beginning July 1, 2004, and ending June 30, 2005, the product of:

(A) the amount determined under subdivision (1) (**reduced by any amount levied under IC 21-2-11.5-3(b)(2)**); multiplied by

by

(B) two (2).

SECTION 5. IC 21-2-11.5-3, AS AMENDED BY P.L.1-2004, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Subject to subsection (b), each school corporation may levy for the calendar year a property tax for the school transportation fund sufficient to pay all operating costs attributable to transportation that:

(1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and

(2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

(b) For each year after 2003, the levy for the fund may not exceed:

(1) the **amount determined by multiplying:**

(A) **the school corporation's levy for the school transportation fund** for the previous year, as that levy was determined by the department of local government finance in fixing the ~~civil taxing unit's~~ **school corporation's** budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; ~~multiplied by~~

(B) the assessed value growth quotient determined under **subsection (c) STEP FOUR; plus**

(2) **the amount determined under subsection (d).**

(c) **For purposes of subsection (b), the assessed value growth quotient is the amount determined under STEP FOUR** of the following formula:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

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1 STEP TWO: Determine the sum of the STEP ONE results.

2 STEP THREE: Divide the STEP TWO result by six (6), rounding
3 to the nearest one-thousandth (0.001).

4 STEP FOUR: Determine the lesser of the following:

5 (A) The STEP THREE quotient.

6 (B) One and six-hundredths (1.06).

7 If the amount levied in a particular year exceeds the amount necessary
8 to cover the costs payable from the fund, the levy in the following year
9 shall be reduced by the amount of surplus money.

10 **(d) A school corporation may increase its school transportation**
11 **fund levy for the ensuing year above the amount determined under**
12 **subsection (b)(1) by the amount determined under STEP TWO of**
13 **the following formula:**

14 **STEP ONE: Determine the total amount of state funding**
15 **received by the school corporation for transportation costs:**

16 **(A) under IC 21-3-3.1-1 through IC 21-3-3.1-3; and**

17 **(B) for special education and vocational programs under**
18 **IC 21-3-3.1-4;**

19 **after June 30, 2003, and before July 1, 2004, multiplied by two**
20 **(2).**

21 **STEP TWO: Decrease the STEP ONE amount by the amount**
22 **by which the school corporation used any part of the STEP**
23 **ONE amount to increase its school transportation fund levy**
24 **under subsection (b)(2) in any previous year.**

25 ~~(c)~~ **(e)** Each school corporation may levy for the calendar year a tax
26 for the school bus replacement fund in accordance with the school bus
27 acquisition plan adopted under section 3.1 of this chapter.

28 ~~(d)~~ **(f)** The tax rate and levy for each fund shall be established as a
29 part of the annual budget for the calendar year in accord with
30 IC 6-1.1-17.

31 **SECTION 6. IC 20-5-4-1.7 IS REPEALED [EFFECTIVE JULY 1,**
32 **2006].**

33 **SECTION 7. P.L.10-2003, SECTION 3, IS REPEALED**
34 **[EFFECTIVE JULY 1, 2004].**

35 **SECTION 8. [EFFECTIVE JULY 1, 2004] (a) After December 31,**
36 **2004, a school corporation may not issue bonds under**
37 **IC 20-5-4-1.7, as amended by this act, unless the school corporation**
38 **submits a proposal described in IC 20-5-4-1.7(d)(2), as amended by**
39 **this act, to the department of local government finance before**
40 **January 1, 2005.**

41 **(b) This SECTION expires January 1, 2007.**

42 **SECTION 9. [EFFECTIVE UPON PASSAGE] (a) IC 6-1.1-19-13,**

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1 as added by this act, applies only to appeals filed to impose an
2 additional levy for a year after December 31, 2004.

3 (b) IC 21-2-11.5-3, as amended by this act, applies to property
4 taxes imposed for an assessment date after February 28, 2003, and
5 first due and payable after December 31, 2003. The amendment of
6 IC 21-2-11.5-3 by this act does not authorize a school corporation
7 to impose a tax rate or tax levy in 2004 for a transportation fund
8 that exceeds the tax rate, tax levy, or budget originally fixed by the
9 school corporation for the year.

10 SECTION 10. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1009, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 8, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 3. IC 20-5-4-1.7, AS AMENDED BY P.L.10-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.7. (a) For purposes of this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after the termination of their employment by the school corporation under an existing or previous employment agreement.

(b) In addition to the purposes set forth in section 1 of this chapter, a school corporation may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following limitations:

(1) A school corporation may issue bonds for the purpose described in this section only one (1) time.

(2) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments, as of June 30, 2001.

(3) The amount of the bonds that may be issued for the purpose described in this section may not exceed two percent (2%) of the true tax value of property in the school corporation.

(4) Each year that a debt service levy is needed under this section, the school corporation shall reduce its total property tax levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(5) A school corporation that issues bonds under this section shall establish a separate debt service fund for repayment of the bonds.

(c) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(d) Bonds issued under this section ~~must be~~ **are valid if either of the following apply:**

(1) **The bonds are** issued before December 31, 2004.

(2) **The school corporation submits to the department of local government finance before January 1, 2005, a proposal**

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concerning the issuance of bonds under this section to implement solutions for the school corporation's retirement or severance liability, and the school corporation issues the bonds before January 1, 2006.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20.

(f) Bonds issued under this section are not subject to the limitations contained in IC 36-1-15."

Page 10, between lines 28 and 29, begin a new paragraph and insert: "SECTION 6. IC 20-5-4-1.7 IS REPEALED [EFFECTIVE JULY 1, 2006].

SECTION 7. P.L.10-2003, SECTION 3, IS REPEALED [EFFECTIVE JULY 1, 2004].

SECTION 8. [EFFECTIVE JULY 1, 2004] **(a) After December 31, 2004, a school corporation may not issue bonds under IC 20-5-4-1.7, as amended by this act, unless the school corporation submits a proposal described in IC 20-5-4-1.7(d)(2), as amended by this act, to the department of local government finance before January 1, 2005.**

(b) This SECTION expires January 1, 2007."

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1009 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 27, nays 0.

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y**

